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ABSTRACT

Despite their progress in the workplace in recent years, women and minorities still remain greatly underrepresented in executive roles in major U.S. companies. The barriers, attitudes, and practices that deter the advancement of women and minorities into executive ranks collectively result in the phenomenon known as the "Glass Ceiling." The cases of several large corporations confirm that it is in a company's best interests to enact programs to diversify the work force and eliminate the glass ceiling. The Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) works to promote equal opportunity in the workplace but it does not mandate results. The OFCCP's Glass Ceiling Commission has identified three major areas in the recruitment process that tend to create and perpetuate the glass ceiling: word-of-mouth networking, networking based on employee referrals, and executive search firms. When reviewing the fairness of federal contractors' hiring practices, OFCCP gives great weight to good faith efforts. Among the strategies for shattering the glass ceiling identified by the Glass Ceiling Commission are the following: recognize that commitment begins at the top (with the board of directors); create/implement inclusivity and diversity programs; develop/use proactive recruiting procedures; and identify/use available tools for identifying qualified female and minority candidates for senior management openings. (MN)

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White Paper 1996:

Shattering The Glass Ceiling

Issues and Solutions In Promoting the Advancement of Women and Minorities to Executive Management In Corporate America

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White Paper:
Shattering The Glass Ceiling

Issues and Solutions in Promoting the Advancement of Women and Minorities to Executive Management in Corporate America

Despite the progress made in the workplace by women and minorities in recent years, it is quite apparent that there remains a great disparity in the executive suite of corporate America: women and minorities are greatly under-represented in executive roles at major American companies.

The barriers, attitudes and practices that help to prohibit the advancement of women and minorities into the executive ranks, all combine to cause a phenomenon often described as the *Glass Ceiling*.

There are many contributing factors that perpetuate the glass ceiling. The effects are a liability, not only for society but for each individual company which alienates itself from the changing character of the American market and the talents of the evolving workforce.

As we approach the 21st Century and the coming of the Global Economy, *diversity of the workforce* from shop floor to boardroom, is a survival strategy.

Whatever Happened to the Future We Were Promised?

In 1987 the Labor Department published a report produced by the Hudson Institute called *Workforce 2000* which made many predictions and recommendations. The report and its ideas were widely disseminated and businesses and government rushed to implement diversity programs and other measures to help create the landscape that *Workforce 2000* told us we would come to know.

The Labor Department formed the Glass Ceiling Commission in 1989 to address the specific issues facing women and minorities in entering the ranks of senior management.

Still, we have found that greater than 90% of senior management positions at Fortune 1000 companies are held by white males of European ancestry.

The Benefits of Workforce Diversification

The most compelling reason for a company to enact programs to diversify its workforce and to eliminate the Glass Ceiling is because *it is in its own best interest.*

The make-up of the U.S. workforce and the population at large has rapidly and irrevocably changed. Companies which insist on *business as usual* will suffer the fate of the dinosaur while diverse companies will lead the way into the 21st Century. Some examples:

1) Shoe company Reebok International became a multibillion dollar corporation by developing athletic shoes *for women* - a market that had been *overlooked* by shoe giant Nike.

2) The newest American automobile maker, Saturn has been able to establish itself by developing products and fashioning its marketing to cater to a group that had been long ignored by Motor City despite making up a full 52% of the population: *Women*.

3) Salsa now outsells ketchup in the U.S. market - just another small example of the major shift in the American standard profile brought on by the rapid influx of Hispanics. The Hispanic population not only consumes but influences and changes the tastes and sensibilities of the population at large. From Hollywood to Detroit, and from Madison Avenue to Dallas, Texas, smart companies are changing their composition so they can reflect and address the new and evolving environment.

The change that is required goes well beyond *lip service*. Women and minorities must be integrated into all levels of the corporate organization.

It's an evolutionary process. If we look at diversity as a family of issues, we can see it as a half-empty, half-full glass. Half-full, we've made significant progress. Half-empty, the task is not completed.

J.T. (Ted) Childs, Jr.
IBM, Director of Workforce Diversity

Paul Fireman, chairman of Reebok makes the point quite eloquently: "Even though we didn't know the word for it back then, it was *diversity* that was responsible for Reebok's breakthrough, that launched our transformation from a $12 million running shoe company to a $3 billion sports and fitness company. Driven largely by women in the company, we began marketing aerobic shoes for women - and the rest is history. We didn't market aerobic shoes to give women equal time or because we were committed to diversity; we did it because it made sense."

OFCCP and Federal Compliance

The Department of Labor created the Office of Federal Contract Compliance Programs (OFCCP) to monitor and ensure that all businesses with federal government contracts do not discriminate in employment decisions on the basis of race, sex, color, religion, national origin, disability or veterans status.

Subcontractors servicing federal contractors are also required to comply with OFCCP programs.

The goal of the OFCCP is to promote equal opportunity, not mandated results. When the OFCCP selects certain contractors and subcontractors for review, it analyzes corporate programs and tracks candidate and hiring statistics, while evaluating the specific culture of the corporation and its industry.

The review process analyzes corporate policies and practices, to determine whether or not a contractor is doing enough to ensure that the *pool of candidates* being considered for certain positions, is accessible to women and minorities, as well as the disabled and veterans.

Whether a company utilizes recruiting methods that are open and proactively inclusive of minorities, is in fact, more important than whether or not women or minorities are actually hired for certain key management roles.

The OFCCP Management Audit includes a thorough review of "how potential managers come to the attention of officials in promotional authority."

Identifying the Barriers That Combine to Create The Glass Ceiling

The Glass Ceiling Commission has identified three major areas in the recruitment process that tend to create and perpetuate the Glass Ceiling phenomenon:

1. Networking - Word of Mouth

Many corporations will fill mid- and upper-level positions through word of mouth referrals. Candidates are sometimes identified, interviewed casually (luncheons, dinners, country clubs), and made offers, all outside the formal recruitment process. While in the past, this method has proved expedient, the net result is a diminished opportunity for the advancement of minorities and women.

Word of mouth referrals inside a closed sub-culture cannot be considered a use of *good faith effort* in ensuring access to the initial candidate pool for women and minorities.

Again, the OFCCP is not so interested in keeping quotas on race and gender in relation to the ultimate hire, but they want to ensure that the process allows for the inclusion of women and minorities in the initial pool of prospective candidates.

2. Networking - Employee Referrals

Similarly, employee referrals from an employee body of predominantly white males, will tend to produce referrals from within their community: more white males. This will do little to open up the candidate process to women and minorities.

3. Executive Search Firms

Many corporations use executive search firms to fill a substantial number of upper-level management positions. Companies have not done enough to make executive search firms aware of their equal opportunity and affirmative action obligations under the law.

While a few executive search firms offer exemplary services, most search firms do not have any capability nor do they demonstrate any *good faith effort* to ensure that women and minorities are included in the initial pool of candidates.

Many companies are not aware that as federal contractors or subcontractors, they are legally liable for the performance of their executive search firm.

What Are Good Faith Efforts?

The Department of Labor and the OFCCP recognize that it is difficult and sometimes impossible to achieve employment ratios that match the national population in certain positions.

Professions that are particularly difficult include electrical engineering and finance, where specific educational degrees are required, yet many women and certain minorities are not studying or graduating in significant numbers in these fields.

After reviewing the procedural and statistical analysis of the hiring process, the OFCCP gives great weight to the *Good Faith Efforts* demonstrated by companies: Is there evidence that a real and ongoing effort has been made to include women and minorities? Has the company used tools such as the *Microquest Directory: Shattering The Glass Ceiling*?

Shattering the Glass Ceiling: What Can We Do?

Leadership: Commitment Begins At the Top

The culture of the corporation reflects the personality and character of the chief executive and their team. It has been shown conclusively that with issues such as *Quality* and *Customer Orientation*, that when the chief executive takes a passionate interest and articulates the importance on a continual basis, the organization comes to adopt the same view.

The same phenomenon occurs with corporate diversity and commitment to shattering the Glass Ceiling. The Glass Ceiling Commission reported in its *Pipelines of Progress - A Status Report on the Glass Ceiling* that a measurable improvement was demonstrated in organizations where the CEO showed commitment to the Corporate Diversity philosophy.

It Starts With the Board of Directors

Within corporations, all major decisions are formulated and agreed upon by the company's Board of Directors. There are still, all too many companies with Annual Reports that show a glossy photograph of the CEO and *his* board - 10 fifty-five-year old white men, not a sign of a woman or minority anywhere. For some companies it has become an embarrassment and sends a very poor message to its customers and the investment community.

Super-large pension funds have emerged as leading investors on Wall Street. Pension funds often represent the pension savings of working people, men and women, of all races and creeds. The Pension Funds want diversity on the Boards.

The first move that these companies should consider is to ensure that women and minorities are included in the short list candidate pool for the next opening on the Board of Directors.

It is critical that the Search Committee and any search firm that is retained, have the wherewithal and tools to identify and contact leading women and minority executives who are already proven performers at major American corporations; people who can bring experience, wisdom and a diverse perspective to the Board and to the entire organization.

Reaffirmation: Inclusivity and Diversity Programs

Companies that are committed to shattering the Glass Ceiling need to create and implement corporate-wide programs to communicate diversity awareness, not only in hiring, but as an integrated management concern.

Diversity programs might include sensitivity workshops, special interest group meetings and events, inclusion of women and minorities in scholarship and tuition programs and inclusion of diversity philosophy as part of the stated corporate goal articulated in management and employee documentation.

Care should be taken that *mentoring* and *fast-track* programs include women and minorities.

Shattering the Glass Ceiling: What Can We Do?

Pro-active Recruiting

Many companies have put hiring programs into effect which strive to meet EEOC criteria. Many of these programs are effective for non-skilled, entry-level, or non-technical hiring or college recruiting.

However, it is most difficult to identify and hire diverse candidates at the senior management level. This is the very basis of the Glass Ceiling phenomenon.

These positions are traditional filled by internal promotion or through recruitment of an outside executive. It is absolutley imperative that recruiters and hiring managers have the tools to go beyond the traditional hiring methodology - and identify and recruit women and minorities for inclusion in the initial pool of candidates.

The real agenda is to improve the process so that qualified women and minorities are not screened out

Do Diversity Requirements Dilute the Quality of Corporate Officers?

One of the greatest misconceptions regarding Corporate Diversity is that the goal is to promote women and minorities *who are not qualified* in order to meet an arbitrary numbers game. Nothing could be farther from the truth. The real agenda is to improve the process so that *qualified* women and minorities are not screened out; to include *qualified* women and minorities in the initial process - and then select the person most suitable for the job.

Identification Tools

Recruiters and Hiring Managers have a number of tools at their disposal for identifying qualified women and minorities to be recruited for senior management openings.

Recruiters can contact associations which represent various minority groups and professions. Local business libraries have association directories with contact information for virtually every business and professional organization in the country.

Recruiters can create and maintain their own databases earmarking news items and features from relevant publications (such as *Who's News* in the *Wall Street Journal*, or *Hispanic Engineer* or *Asia Today*). This information can then be used to target potential candidates when senior positions open.

Recruiters may also use research publications such as *The Microquest Directory: Shattering the Glass Ceiling*. This directory is based on ongoing research by the Microquest Corporation of San Rafael, California, which identifies and publishes the names and titles of key women and minority managers at Fortune 1000 companies.

These positions must be filled by recruiting - and the recruiter needs the tools to identify talented candidates

This information is designed for any search from the manager level to the boardroom, in any function, and in any part of the country. Microquest can be reached at (415) 479-4723.

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Fact Sheet

- Many companies are not aware, that as federal contractors or subcontractors, they are responsible to ensure that any executive search firm they engage complies with federal affirmative action guidelines and includes women and minorities in the initial pool of candidates.

  Source: The Glass Ceiling Commission, U.S. Department of Labor

- Women hold only 8% of the available seats on the Corporate Board of Directors of the Fortune 1000. (Approximately 813 seats of 10,000 in 1995).

  Source: Microquest Corporation

- Minorities hold only 6% of the available seats on the Corporate Board of Directors of the Fortune 1000. (Approximately 631 seats of 10,000 in 1995).

  Source: Microquest Corporation

- The three most significant barriers which reinforce the Glass Ceiling:

  1. Recruitment Practices
  2. Lack of Opportunity to Participate in Corporate Development
  3. Lack of Understanding that EEO is not One Person's Responsibility.

  Source: Glass Ceiling Commission

- White men and women hold 85% of today's white collar (non-clerical) jobs.

  Source: Wall Street Journal Study

- Women and Minorities have made great strides in the services and retail segments of the economy, but remain greatly under-represented in the Wholesale, Agriculture, Technical, Manufacturing and Construction segments.

  Source: EEOC

- 45% of Americans believe that minorities are overlooked for key promotions at least some of the time.

  Source: American Management Association, EE Times

- The goal of the Office of Federal Contract Compliance Programs (OFCCP) is to promote equal opportunity - not mandated results.

  Source: U.S. Department of Labor

- In an OFCCP Compliance Audit, a company's Good Faith Efforts - tangible evidence that the company has tried to bring women and minorities into the initial candidate pool - can be used to offset a statistical failure to comply with federal affirmative action guidelines.

  Source: U.S. Department of Labor

Resources

If you are interested in more information on shattering the glass ceiling, corporate diversity, disabilities, equal opportunity or affirmative action, you may want to contact:

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD
1331 F Street NW, Suite 1000, Washington, DC 20004-1111

THE BUREAU OF NATIONAL AFFAIRS
Washington, DC 20037

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)
1801 L Street NW, Washington, DC 20507 (202) 663-4395

EXECUTIVE LEADERSHIP COUNCIL
(Leading association of African American corporate officials)
1010 Wisconsin Avenue, NW, Washington, DC 20007 (202) 298-8226

THE GLASS CEILING COMMISSION
U.S. Department of Labor, 200 Constitution Avenue NW, Room C-2313, Washington, DC 20008
(202) 219-7368

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